



(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to create a carbon border adjustment based on carbon intensity, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Ms. DELBENE introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to create a carbon border adjustment based on carbon intensity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clean Competition  
5 Act”.

1 **SEC. 2. CARBON INTENSITY CHARGE.**

2 (a) IN GENERAL.—Chapter 38 of the Internal Rev-  
3 enue Code of 1986 is amended by adding at the end the  
4 following new subchapter:

5 **“Subchapter E—Carbon Intensity Charge**

“Sec. 4691. Calculation of carbon intensity.

“Sec. 4692. Imposition of carbon intensity charge.

“Sec. 4693. Rebate.

“Sec. 4694. Definitions.

6 **“SEC. 4691. CALCULATION OF CARBON INTENSITY.**

7 “(a) REPORTING REQUIREMENTS.—Not later than  
8 June 30, 2026, and annually thereafter, any covered enti-  
9 ty shall, for each eligible facility operated by such entity,  
10 report to the Secretary (and, for purposes of the informa-  
11 tion described in paragraphs (2) and (3), the Adminis-  
12 trator) with respect to the following:

13 “(1) Any information required to be reported to  
14 the Administrator under the Greenhouse Gas Re-  
15 porting Program (or which would be required to be  
16 reported notwithstanding any other provision of law  
17 prohibiting the implementation of or use of funds for  
18 such requirements) for the preceding calendar year.

19 “(2) The total amount of electricity used at  
20 such facility during the preceding calendar year, in-  
21 cluding—

1           “(A) whether such electricity was provided  
2 through the electric grid or a dedicated genera-  
3 tion source,

4           “(B) the terms of any power purchase  
5 agreements with respect to such facility, and

6           “(C) with respect to any electricity which  
7 was not provided through the electric grid, the  
8 greenhouse gas emissions associated with the  
9 production of such electricity, provided that  
10 such emissions are not reported pursuant to  
11 paragraph (1).

12           “(3) The total weight (expressed in tons) of  
13 each covered primary good produced at such facility  
14 during the preceding calendar year.

15           “(b) CALCULATION.—

16           “(1) CARBON INTENSITY.—

17           “(A) ELIGIBLE FACILITY.—For purposes  
18 of this subchapter, for each calendar year, the  
19 carbon intensity with respect to any eligible fa-  
20 cility shall be an amount equal to the quotient  
21 of—

22           “(i) the covered emissions (as deter-  
23 mined under paragraph (2)) with respect  
24 to such facility, divided by

1 “(ii) the total weight (expressed in  
2 tons) of covered primary goods produced at  
3 such facility during the preceding calendar  
4 year.

5 “(B) COVERED NATIONAL INDUSTRY.—

6 “(i) IN GENERAL.—For purposes of  
7 this subchapter, the carbon intensity with  
8 respect to any covered national industry  
9 shall be an amount (as determined by the  
10 Secretary) equal to the quotient of—

11 “(I) an amount equal to the sum  
12 of the covered emissions (as deter-  
13 mined under paragraph (2)) with re-  
14 spect to all eligible facilities which  
15 produce covered primary goods which  
16 are included within such industry for  
17 calendar year 2025, divided by

18 “(II) the total weight (expressed  
19 in tons) of covered primary goods  
20 within such industry which are pro-  
21 duced at all such eligible facilities dur-  
22 ing such year.

23 “(ii) DETERMINATION.—For purposes  
24 of this subchapter, the Secretary (in co-  
25 ordination with the relevant parties) may

1 determine which types of eligible facilities  
2 (and any related covered primary goods)  
3 are included or excluded within a covered  
4 national industry, provided that such de-  
5 termination—

6 “(I) facilitates a fair comparison  
7 of carbon intensities across similar eli-  
8 gible facilities (based on a comparison  
9 of the material inputs and outputs of  
10 such facilities), and

11 “(II) does not meaningfully re-  
12 duce the scope of greenhouse gas  
13 emissions covered by this subchapter.

14 “(iii) EXCLUDED FACILITIES.—In the  
15 case of any eligible facility which, pursuant  
16 to clause (ii), is excluded from a covered  
17 national industry and is not included in  
18 any other covered national industry, such  
19 facility shall be deemed to not be included  
20 in any covered national industry.

21 “(C) PETITION FOR SPECIFIC GOODS.—

22 “(i) IN GENERAL.—In the case of any  
23 covered national industry which produces  
24 more than 1 covered primary good, a cov-

1           ered entity may file a petition with the  
2           Secretary to—

3                   “(I) determine the carbon inten-  
4                   sity with respect to a specific covered  
5                   primary good, and

6                   “(II) determine a classification  
7                   for defining such covered primary  
8                   good for purposes of this subchapter,  
9                   such as—

10                           “(aa) the applicable 6-digit  
11                           subheading of the Harmonized  
12                           Tariff Schedule of the United  
13                           States,

14                           “(bb) the relevant produc-  
15                           tion process,

16                           “(cc) a set of material char-  
17                           acteristics, or

18                           “(dd) any combination of  
19                           the methods for classification de-  
20                           scribed in items (aa) through  
21                           (cc).

22                   “(ii) REVIEW.—With respect to any  
23                   covered primary good which is included in  
24                   a petition described in clause (i), the Sec-  
25                   retary (in coordination with the Adminis-

1                   trator and the Secretary of Energy) shall  
2                   approve such petition if—

3                   “(I) the chemical, physical, or  
4                   mechanical production processes for  
5                   such good are substantially different  
6                   as compared to other covered primary  
7                   goods produced within the same cov-  
8                   ered national industry,

9                   “(II) the properties of such good  
10                  are distinct such that its uses cannot  
11                  be easily replaced by other covered  
12                  primary goods produced within the  
13                  same covered national industry, and

14                  “(III) the carbon intensity deter-  
15                  mined with respect to such good is at  
16                  least 25 percent greater than the car-  
17                  bon intensity determined for other  
18                  covered primary goods produced with-  
19                  in the same covered national industry.

20                  “(iii) RECALCULATION.—In the case  
21                  of any petition described in clause (i)  
22                  which is approved by the Secretary pursu-  
23                  ant to clause (ii), the Secretary (in coordi-  
24                  nation with the Administrator) shall rede-  
25                  termine the carbon intensity with respect

1 to the covered national industry which in-  
2 cludes production of the covered primary  
3 good which is the subject of such petition  
4 by excluding any covered emissions associ-  
5 ated with the production of such good for  
6 purposes of the determination made under  
7 subparagraph (B) for such industry.

8 “(iv) GOODS-LEVEL DATA.—In the  
9 case of any petition described in clause (i)  
10 which is approved by the Secretary pursu-  
11 ant to clause (ii), the Secretary (in coordi-  
12 nation with the Administrator) shall use a  
13 methodology for determining the carbon in-  
14 tensity of the covered primary good (as de-  
15 termined using the eligible facility informa-  
16 tion reported under subsection (a)), and  
17 shall publish the methodology and the re-  
18 sults of such determination, in a manner  
19 which—

20 “(I) is compatible with existing  
21 Federal carbon accounting rules and  
22 standards,

23 “(II) includes the related chem-  
24 ical, physical, or mechanical produc-  
25 tion processes responsible for dif-



1                   ferences in carbon intensity and cov-  
2                   ered emissions, and

3                   “**(III)** prioritizes ease of adminis-  
4                   tration and compliance.

5                   “**(D) DETERMINATION.**—Any determina-  
6                   tion of carbon intensity under this paragraph  
7                   shall be made by the Secretary in coordination  
8                   with the Administrator and the Secretary of  
9                   Energy.

10                  “**(2) COVERED EMISSIONS.**—

11                  “**(A) IN GENERAL.**—For purposes of this  
12                  subsection, for each calendar year, the amount  
13                  of covered emissions with respect to any eligible  
14                  facility shall be an amount (as determined by  
15                  the Secretary, in coordination with the Admin-  
16                  istrator) equal to—

17                  “(i) the amount equal to the sum of—

18                          “**(I)** the total greenhouse gas  
19                          emissions associated with the produc-  
20                          tion of covered primary goods at such  
21                          facility during the preceding calendar  
22                          year (as reported pursuant to sub-  
23                          section (a)), plus

24                          “**(II)** the total greenhouse gas  
25                          emissions associated with any elec-

1                   tricity used at such facility for the  
2                   production of such goods during the  
3                   preceding calendar year, minus

4                   “(ii) the total greenhouse gas emis-  
5                   sions which are captured and disposed of  
6                   in secure geological storage (in compliance  
7                   with the regulations established under sec-  
8                   tion 45Q(f)(2)) during the preceding cal-  
9                   endar year.

10                  “(B) DIRECT AIR CAPTURE.—For pur-  
11                  poses of subparagraph (A)(ii), in the case of  
12                  any greenhouse gas emissions which are cap-  
13                  tured directly from the ambient air, the oper-  
14                  ator of the facility which captured such emis-  
15                  sions may apportion such emissions amongst  
16                  any eligible facilities which are under common  
17                  control of such operator.

18                  “(C) EMISSIONS FOR ELECTRICITY  
19                  USED.—

20                  “(i) IN GENERAL.—For purposes of  
21                  subparagraph (A)(i)(II), the amount of  
22                  greenhouse gas emissions associated with  
23                  electricity provided through the electric  
24                  grid shall be determined based on the aver-  
25                  age carbon intensity for the regional grid

1 in which the eligible facility is located for  
2 the preceding calendar year.

3 “(ii) EXCEPTION.—In the case of an  
4 eligible facility which is subject to a power  
5 purchase agreement (or its foreign equiva-  
6 lent) which guarantees that any electricity  
7 provided under such agreement is gen-  
8 erated not less than 15 minutes prior to  
9 use by such facility and within the same  
10 regional transmission zone (or its foreign  
11 equivalent) as such facility—

12 “(I) clause (i) shall not apply,  
13 and

14 “(II) the amount of greenhouse  
15 gas emissions associated with such  
16 electricity shall be determined based  
17 on the average carbon intensity of the  
18 electricity provided under such agree-  
19 ment.

20 “(3) IMPORTED GOODS.—

21 “(A) IN GENERAL.—In the case of any  
22 covered primary good which is imported into  
23 the United States, the carbon intensity with re-  
24 spect to such good shall be determined by the

1 Secretary (in coordination with the relevant  
2 parties) based on—

3 “(i) the carbon intensity of the gen-  
4 eral economy of the country of origin of  
5 such good, or

6 “(ii) if the Secretary (in coordination  
7 with the relevant parties) determines that  
8 transparent, verifiable, and reliable infor-  
9 mation is available with respect to any cov-  
10 ered national industry in the country of or-  
11 igin of such good and that such country of  
12 origin is a transparent market economy in  
13 which inter-firm resource shuffling is un-  
14 likely to occur, the carbon intensity of the  
15 covered national industry in such country  
16 which includes production of such good.

17 “(B) PETITION.—

18 “(i) IN GENERAL.—In the case of any  
19 entity which imports a covered primary  
20 good for which the carbon intensity can be  
21 determined under subparagraph (A)(ii),  
22 such entity may file a petition with the  
23 Secretary to determine the charge under  
24 section 4692, if any, based on the average  
25 carbon intensity with respect to the pro-

1                   duction of such good by the manufacturer  
2                   within the country of origin.

3                   “(ii) AGGREGATION RULE.—For pur-  
4                   poses of this subparagraph, the average  
5                   carbon intensity with respect to the pro-  
6                   duction of a covered primary good shall be  
7                   determined based upon greenhouse gas  
8                   emission and production data from all fa-  
9                   cilities which produce such good which are  
10                  under common control of the manufacturer  
11                  of such good, including any subsidiary,  
12                  parent company, or joint venture of such  
13                  manufacturer within the country of origin.

14                  “(iii) DATA PROVISION.—In the case  
15                  of an entity which files a petition described  
16                  in clause (i), such entity shall provide the  
17                  Secretary with an environmental product  
18                  declaration containing—

19                         “(I) any information which would  
20                         otherwise be required to be reported  
21                         under subsection (a) if the facilities  
22                         which produced the covered primary  
23                         good to which the petition applies  
24                         were subject to the reporting require-

1                   ments under the Greenhouse Gas Re-  
2                   porting Program, and

3                   “(II) any other information  
4                   which is necessary (as determined by  
5                   the Secretary, in coordination with the  
6                   relevant parties) to calculate the car-  
7                   bon intensity of the covered primary  
8                   good in accordance with any relevant  
9                   methodologies for allocating the car-  
10                  bon intensity of the covered primary  
11                  good under paragraph (1)(C)(iv).

12                  “(C) INPUTS.—With respect to any cov-  
13                  ered primary good which is imported into the  
14                  United States and for which other covered pri-  
15                  mary goods (other than petroleum, natural gas,  
16                  or coal) were used as inputs by the manufac-  
17                  turer in the production of the imported covered  
18                  primary good, any greenhouse gas emissions as-  
19                  sociated with the production of the covered pri-  
20                  mary goods used as inputs shall be included in  
21                  the determination of the greenhouse gas emis-  
22                  sions associated with production of the im-  
23                  ported covered primary good.

24                  “(D) CARBON INTENSITY OF THE GEN-  
25                  ERAL ECONOMY.—For purposes of this para-

1 graph, with respect to any country, the carbon  
2 intensity of the general economy of such coun-  
3 try shall be an amount equal to the quotient  
4 of—

5 “(i) the greenhouse gas emissions of  
6 such country for the most recent year for  
7 which the Secretary determines there is re-  
8 liable information, divided by

9 “(ii) the gross domestic product of  
10 such country for the year described in  
11 clause (i).

12 “(E) EXCLUSION.—

13 “(i) IN GENERAL.—Subject to clause  
14 (ii), in the case of any covered primary  
15 good (including any covered primary good  
16 which is a component part of a finished  
17 good) which is imported into the United  
18 States and was produced in a relatively  
19 least developed country (as described in  
20 section 124 of the Foreign Assistance Act  
21 of 1961 (22 U.S.C. 2151v)), this para-  
22 graph shall not apply.

23 “(ii) EXCEPTION.—Clause (i) shall  
24 not apply if the country described in such  
25 clause produces at least 3 percent of total

1           global exports by value of the covered pri-  
2           mary good.

3           “(F) INTER-FIRM RESOURCE SHUF-  
4           FLING.—For purposes of this paragraph, the  
5           term ‘inter-firm resource shuffling’ means any  
6           buying, selling, trading, exchanging, or other  
7           transfer of control of production facilities be-  
8           tween entities based on the carbon intensity of  
9           such facilities for the purpose of creating enti-  
10          ties with relatively lower carbon intensity and  
11          entities with relatively higher carbon intensity.

12          “(c) PUBLICATION.—The Secretary (in coordination  
13          with the relevant parties) shall—

14               “(1) annually publish any carbon intensity  
15               which has been determined under subsection (b)  
16               with respect to any eligible facility, covered national  
17               industry, covered primary good, foreign manufac-  
18               turer, or country of origin, and

19               “(2) publish (and update, as appropriate) a list  
20               of—

21                       “(A) each covered primary good, as cat-  
22                       egorized by the covered national industry in  
23                       which such good is included, and

24                       “(B) any covered primary good for which  
25                       a petition described in clause (i) of subsection



1 (b)(1)(C) has been approved by the Secretary  
2 pursuant to clause (ii) of such subsection.

3 **“SEC. 4692. IMPOSITION OF CARBON INTENSITY CHARGE.**

4 “(a) IN GENERAL.—

5 “(1) IMPORTATION OF GOODS.—

6 “(A) IN GENERAL.—

7 “(i) COVERED PRIMARY GOODS.—In  
8 the case of any covered primary good im-  
9 ported into the United States during any  
10 calendar year beginning after December  
11 31, 2024, there is hereby imposed a charge  
12 in an amount (rounded to the nearest dol-  
13 lar) equal to the product of—

14 “(I)(aa) in the case of a good for  
15 which the carbon intensity is deter-  
16 mined under section 4691(b)(3)(A)(i),  
17 the amount (if any) by which the  
18 amount determined under clause (iii)  
19 with respect to such good exceeds an  
20 amount equal to the applicable per-  
21 centage of the relevant carbon inten-  
22 sity for such good, or

23 “(bb) in the case of a good for  
24 which the carbon intensity is deter-  
25 mined under subparagraph (A)(ii) or

1 (B) of section 4691(b)(3), the amount  
2 (if any) by which the carbon intensity  
3 determined under such subparagraph  
4 with respect to such good exceeds an  
5 amount equal to the applicable per-  
6 centage of the relevant carbon inten-  
7 sity for such good, multiplied by

8 “(II) the total weight (expressed  
9 in tons) of the good imported into the  
10 United States, multiplied by

11 “(III) the carbon price.

12 “(ii) FINISHED GOODS.—

13 “(I) IN GENERAL.—In the case  
14 of any finished good which is im-  
15 ported into the United States during  
16 any calendar year beginning after De-  
17 cember 31, 2026, there is hereby im-  
18 posed a charge in an amount equal to  
19 the sum of the amounts determined  
20 under subclause (II) with respect to  
21 each covered primary good which is a  
22 component part of such finished good.

23 “(II) COMPONENTS.—The  
24 amount determined under this sub-  
25 clause with respect to any covered pri-

1           mary good which is a component part  
2           of a finished good is an amount equal  
3           to the product of—

4                       “(aa) the amount (if any)  
5                       determined under clause (i)(I) if  
6                       such clause were applied with re-  
7                       spect to such good, multiplied by

8                               “(bb) the total weight (ex-  
9                               pressed in tons) of the covered  
10                              primary good, multiplied by

11                             “(cc) the carbon price.

12                       “(iii) CALCULATION FOR CERTAIN  
13                       FOREIGN GOODS.—For purposes of clause  
14                       (i)(I)(aa), the amount determined under  
15                       this clause with respect to any covered pri-  
16                       mary good shall be equal to the product  
17                       of—

18                             “(I) an amount equal to the  
19                             quotient of—

20                             “(aa) the carbon intensity of  
21                             the general economy (as deter-  
22                             mined under section  
23                             4691(b)(3)(D)) of the country of  
24                             origin of such good, divided by

1                   “(bb) the carbon intensity of  
2                   the general economy (as so deter-  
3                   mined) of the United States,  
4                   multiplied by

5                   “(II) an amount equal to the ap-  
6                   plicable percentage of the relevant  
7                   carbon intensity for such good.

8                   “(B) CHARGE DUE.—The charge imposed  
9                   under this paragraph with respect to any goods  
10                  imported during any calendar year shall be paid  
11                  by the entity which imported such goods not  
12                  later than September 30 of the calendar year  
13                  subsequent to such year.

14                  “(C) EXCLUSION.—

15                  “(i) IN GENERAL.—Subject to clause  
16                  (ii), in the case of any covered primary  
17                  good (including any covered primary good  
18                  which is a component part of a finished  
19                  good) which is imported into the United  
20                  States and was produced in a relatively  
21                  least developed country (as described in  
22                  section 124 of the Foreign Assistance Act  
23                  of 1961 (22 U.S.C. 2151v)), this para-  
24                  graph shall not apply.

1           “(ii) EXCEPTION.—Clause (i) shall  
2           not apply if the country described in such  
3           clause produces at least 3 percent of total  
4           global exports by value of the covered pri-  
5           mary good.

6           “(D) CARBON CLUBS.—If the Secretary  
7           (in coordination with the relevant parties) de-  
8           termines that a foreign country has imple-  
9           mented policies which impose explicit costs on  
10          the emission of greenhouse gases which are ma-  
11          terially similar to the charges imposed pursuant  
12          to the provisions of this subchapter, the charge  
13          (or a percentage of the charge which is equiva-  
14          lent to the costs imposed by the foreign coun-  
15          try) which would otherwise be imposed under  
16          this section with respect to covered primary  
17          goods produced in such foreign country may be  
18          waived.

19          “(E) RELEVANT CARBON INTENSITY.—In  
20          this paragraph, the term ‘relevant carbon inten-  
21          sity’ means, with respect to any covered pri-  
22          mary good—

23                 “(i) except as provided in clause (ii),  
24                 the carbon intensity (as determined under  
25                 section 4691(b)(1)(B)) for the covered na-

1 tional industry which includes such good,  
2 or

3 “(ii) in the case of any covered pri-  
4 mary good which is included in a petition  
5 described in clause (i) of section  
6 4691(b)(1)(C) which is approved by the  
7 Secretary pursuant to clause (ii) of such  
8 section, the carbon intensity of such good  
9 as determined under such section.

10 “(2) DOMESTIC PRODUCTION OF COVERED PRI-  
11 MARY GOODS.—

12 “(A) IN GENERAL.—In the case of any eli-  
13 gible facility, for each calendar year beginning  
14 after December 31, 2024, there is hereby im-  
15 posed a charge in an amount (rounded to the  
16 nearest dollar) equal to the product of—

17 “(i) the amount (if any) by which the  
18 carbon intensity of such facility (as deter-  
19 mined under subparagraph (A) of section  
20 4691(b)(1)) exceeds—

21 “(I) an amount equal to the ap-  
22 plicable percentage of the carbon in-  
23 tensity for the covered national indus-  
24 try (as determined under subpara-  
25 graph (B) of section 4691(b)(1))

1 which includes any covered primary  
2 good produced by such facility, or

3 “(II) in the case of a covered pri-  
4 mary good produced by such facility  
5 which is subject to an approved peti-  
6 tion under subparagraph (C) of such  
7 section, an amount equal to the appli-  
8 cable percentage of the carbon inten-  
9 sity determined with respect to such  
10 good, multiplied by

11 “(ii) the total weight (expressed in  
12 tons) of any covered primary goods pro-  
13 duced by such facility during such calendar  
14 year, multiplied by

15 “(iii) the carbon price.

16 “(B) CHARGE DUE.—The charge imposed  
17 under this paragraph with respect to any cal-  
18 endar year shall be paid by the covered entity  
19 not later than September 30 of the calendar  
20 year subsequent to such year.

21 “(b) APPLICABLE PERCENTAGE.—For purposes of  
22 paragraphs (1)(A) and (2)(A) of subsection (a), the appli-  
23 cable percentage shall be—

24 “(1) for calendar year 2025, 100 percent,

1           “(2) for calendar years 2026 through 2029, the  
2           applicable percentage for the preceding calendar  
3           year, reduced by 2.5 percentage points, and

4           “(3) for any calendar year subsequent to cal-  
5           endar year 2029, the applicable percentage for the  
6           preceding calendar year, reduced by 5 percentage  
7           points (but not less than zero).

8           “(c) CARBON PRICE.—

9           “(1) IN GENERAL.—For purposes of para-  
10          graphs (1)(A) and (2)(A) of subsection (a), the car-  
11          bon price shall be—

12                   “(A) for 2025, \$55, and

13                   “(B) for each calendar year subsequent to  
14                   the calendar year described in subparagraph  
15                   (A), an amount equal to the sum of—

16                           “(i) the carbon price for the preceding  
17                           year, plus

18                           “(ii) an amount equal to—

19                                   “(I) the amount described in  
20                                   clause (i), multiplied by

21   “(II) the percentage by which the  
22   CPI for the preceding calendar year  
23   exceeds the CPI for the second pre-  
24   ceding calendar year, increased by 5  
25   percentage points.



1           “(2) CPI.—Rules similar to the rules of para-  
2           graphs (4) and (5) of section 1(f) shall apply for  
3           purposes of this subsection.

4           “(3) ROUNDING.—Any applicable amount de-  
5           termined under this subsection which is not a mul-  
6           tiple of \$1 shall be rounded to the nearest dollar.

7   **“SEC. 4693. REBATE.**

8           “(a) EXPORTATION OF COVERED PRIMARY GOOD.—  
9           In the case of a person who exports any covered primary  
10          good from the United States which was produced in an  
11          eligible facility for which a charge has been imposed under  
12          section 4692, a refund shall be allowed to such person in  
13          the same manner as if it were an overpayment of the  
14          charge imposed by such section in an amount equal to the  
15          charge that would be imposed under subsection  
16          (a)(1)(A)(i) of such section with respect to such good if  
17          the carbon intensity with respect to such eligible facility  
18          were determined under section 4691(b)(1)(A) by sub-  
19          stituting ‘all eligible facilities by the covered entity which  
20          produced the covered primary good described in section  
21          4693(a)(1)’ for ‘such facility’ each place it appears in such  
22          section.

23          “(b) EXPORTATION OF FINISHED GOOD.—In the  
24          case of a person who exports any finished good from the  
25          United States for which a charge has been imposed under

1 section 4692 on such finished good or any of its compo-  
2 nents, a refund shall be allowed to such person in the same  
3 manner as if it were an overpayment of the charge im-  
4 posed by such section in an amount equal to the charge  
5 that would otherwise be imposed under such section with  
6 respect to such finished good (as determined pursuant to  
7 subsection (a)(1)(A)(ii) of such section).

8 **“SEC. 4694. DEFINITIONS.**

9 “For purposes of this subchapter—

10 “(1) ADMINISTRATOR.—The term ‘Adminis-  
11 trator’ means the Administrator of the Environ-  
12 mental Protection Agency.

13 “(2) CO<sub>2</sub>-E.—

14 “(A) IN GENERAL.—Subject to subpara-  
15 graph (B), the term ‘CO<sub>2</sub>-e’ means, with re-  
16 spect to a greenhouse gas, the quantity of such  
17 gas that has a global warming potential equiva-  
18 lent to 1 metric ton of carbon dioxide, as deter-  
19 mined pursuant to table A–1 of subpart A of  
20 part 98 of title 40, Code of Federal Regula-  
21 tions, as in effect on the date of the enactment  
22 of this subchapter.

23 “(B) METHANE.—In the case of methane,  
24 the term ‘CO<sub>2</sub>-e’ means the quantity of meth-  
25 ane that has the same global warming potential

1 over a 20-year period as 1 metric ton of carbon  
2 dioxide, as determined by the Administrator.

3 “(3) COVERED ENTITY.—The term ‘covered en-  
4 tity’ means any entity which—

5 “(A) produces any covered primary good,  
6 and

7 “(B) is required to report emissions of  
8 greenhouse gases under the Greenhouse Gas  
9 Reporting Program (or would be required to re-  
10 port such emissions notwithstanding any other  
11 provision of law prohibiting the implementation  
12 of or use of funds for such requirements).

13 “(4) COVERED NATIONAL INDUSTRY.—

14 “(A) IN GENERAL.—Except as provided  
15 under section 4691(b)(1)(B)(ii), the term ‘cov-  
16 ered national industry’ means any industry  
17 which is assigned a 6-digit NAICS code which  
18 is included in any of the following clauses:

19 “(i) 211120 (petroleum extraction).

20 “(ii) 211130 (natural gas extraction).

21 “(iii) 212114 (surface coal mining).

22 “(iv) 212115 (underground coal min-  
23 ing).

24 “(v) 322110 (pulp mills).

25 “(vi) 322120 (paper mills).

- 1 “(vii) 322130 (paperboard mills).
- 2 “(viii) 324110 (petroleum refineries).
- 3 “(ix) 324121 (asphalt paving mixture  
4 and block manufacturing).
- 5 “(x) 324122 (asphalt shingle and  
6 coating materials manufacturing).
- 7 “(xi) 324199 (all other petroleum and  
8 coal products manufacturing).
- 9 “(xii) 325110 (petrochemical manu-  
10 facturing).
- 11 “(xiii) 325120 (industrial gas manu-  
12 facturing).
- 13 “(xiv) 325193 (ethyl alcohol manufac-  
14 turing).
- 15 “(xv) 325199 (other basic organic  
16 chemical manufacturing).
- 17 “(xvi) 325311 (nitrogenous fertilizer  
18 manufacturing).
- 19 “(xvii) 327211, 327212, 327213, or  
20 327215 (glass).
- 21 “(xviii) 327310 (cement).
- 22 “(xix) 327410 or 327420 (lime and  
23 gypsum product manufacturing).
- 24 “(xx) 331110 (iron and steel).
- 25 “(xxi) 331313 or 331314 (aluminum).

1 “(B) EXCEPTIONS.—

2 “(i) INDUSTRIAL GAS MANUFAC-  
3 TURING.—Subparagraph (A)(xiii) shall  
4 apply only with respect to the production  
5 of hydrogen.

6 “(ii) OTHER BASIC ORGANIC CHEM-  
7 ICAL MANUFACTURING.—Subparagraph  
8 (A)(xv) shall apply only with respect to the  
9 production of adipic acid.

10 “(5) COVERED PRIMARY GOOD.—The term ‘cov-  
11 ered primary good’ means any good which is pro-  
12 duced as part of a trade or business operating with-  
13 in a covered national industry, and includes (except  
14 as otherwise provided under section 4691(b)(1)(C))  
15 any good classifiable under the same 6-digit sub-  
16 heading of the Harmonized Tariff Schedule of the  
17 United States.

18 “(6) ELIGIBLE FACILITY.—The term ‘eligible  
19 facility’ means any facility (as such term is defined  
20 for purposes of the Greenhouse Gas Reporting Pro-  
21 gram) which is—

22 “(A) operated by a covered entity for the  
23 production of any covered primary good, and

24 “(B) located within the United States.

25 “(7) FINISHED GOOD.—

1                   “(A) IN GENERAL.—The term ‘finished  
2                   good’ means any good which—

3                   “(i) for calendar years 2027 and  
4                   2028—

5                   “(I) contains greater than 500  
6                   pounds of any combination of any cov-  
7                   ered primary goods, or

8                   “(II) was produced from inputs  
9                   of any combination of covered primary  
10                  goods, the value of which comprise  
11                  more than 90 percent of the total  
12                  value of the material inputs involved  
13                  in the production of such good,

14                  “(ii) for calendar years 2029 and  
15                  2030—

16                  “(I) contains greater than 100  
17                  pounds of any combination of any cov-  
18                  ered primary goods, or

19                  “(II) was produced from inputs  
20                  of any combination of covered primary  
21                  goods, the value of which comprise  
22                  more than 75 percent of the total  
23                  value of the material inputs involved  
24                  in the production of such good, and

1 “(iii) for any calendar year after cal-  
2 endar year 2030—

3 “(I) contains greater than such  
4 amount as is determined by the Sec-  
5 retary (as determined in coordination  
6 with the relevant parties, and which  
7 shall not be greater than 100 pounds)  
8 of any combination of any covered pri-  
9 mary goods, or

10 “(II) was produced from inputs  
11 of any combination of covered primary  
12 goods, the value of which comprise  
13 more than such percentage as is de-  
14 termined by the Secretary (as deter-  
15 mined in coordination with the rel-  
16 evant parties, and which shall not be  
17 greater than 75 percent) of the total  
18 value of the material inputs involved  
19 in the production of such good.

20 “(B) EXCEPTION.—The term ‘finished  
21 good’ shall not include any waste or scrap prod-  
22 uct which is imported or exported.

23 “(8) GREENHOUSE GAS.—The term ‘greenhouse  
24 gas’ has the meaning given such term under section

1       211(o)(1)(G) of the Clean Air Act, as in effect on  
2       the date of the enactment of this subchapter.

3               “(9) GREENHOUSE GAS EMISSIONS.—The term  
4       ‘greenhouse gas emissions’ means the amount of  
5       greenhouse gases, expressed in metric tons of CO<sub>2</sub>-  
6       e, which were emitted to the atmosphere.

7               “(10) GREENHOUSE GAS REPORTING PRO-  
8       GRAM.—The term ‘Greenhouse Gas Reporting Pro-  
9       gram’ means the Greenhouse Gas Reporting Pro-  
10       gram established under part 98 of title 40, Code of  
11       Federal Regulations.

12               “(11) NAICS.—The term ‘NAICS’ means the  
13       North American Industrial Classification System.

14               “(12) REGIONAL GRID.—The term ‘regional  
15       grid’ means the smallest defined region of inter-  
16       connected power grid (including power generation  
17       assets) from which a facility draws power that ac-  
18       counts for the total power supplied to the facility by  
19       the grid and for which there is reliable data.

20               “(13) RELEVANT PARTIES.—The term ‘relevant  
21       parties’ means—

22                       “(A) the Administrator,

23                       “(B) the Secretary of Energy,

24                       “(C) the Secretary of Commerce,



1           “(D) the United States Trade Representa-  
2           tive, and

3           “(E) the Chair and Vice Chair of the  
4           United States International Trade Commis-  
5           sion.”.

6           (b) CLERICAL AMENDMENT.—The table of sub-  
7           chapters for chapter 38 of the Internal Revenue Code of  
8           1986 is amended by adding at the end thereof the fol-  
9           lowing new item:

                  “SUBCHAPTER E—CARBON INTENSITY CHARGE”.

10          (c) GRANT PROGRAM.—

11           (1) IN GENERAL.—For fiscal year 2026 and  
12           each subsequent fiscal year, there are appropriated,  
13           out of any funds in the Treasury not otherwise ap-  
14           propriated, to the Department of the Treasury  
15           amounts equal to applicable amount for the pre-  
16           ceding fiscal year, with such amounts to be used by  
17           the Secretary, in conjunction with the Secretary of  
18           Energy and the Administrator of the Environmental  
19           Protection Agency, to establish a competitive grant  
20           program to award grants to eligible entities for in-  
21           vestments in new technology—

22                   (A) in the case of an existing eligible facil-  
23                   ity, to reduce their carbon intensity, and

24                   (B) in the case of a proposed eligible facil-  
25                   ity, to ensure best-in-class carbon intensity.

1           (2) MODELED ON DIESEL EMISSIONS REDUC-  
2           TION ACT.—For purposes of the program described  
3           in paragraph (1), such program shall be adminis-  
4           tered in a manner similar to the national grant pro-  
5           gram of the Environmental Protection Agency under  
6           subtitle G of title VII of the Energy Policy Act of  
7           2005 (42 U.S.C. 16131 et seq.).

8           (3) AWARDING OF GRANT AMOUNTS.—For pur-  
9           poses of awarding grants under the program de-  
10          scribed in paragraph (1), the Secretary (in conjunc-  
11          tion with the Administrator and the Secretary of  
12          Energy) shall—

13                 (A) give preference to proposed invest-  
14                 ments—

15                         (i) that would result in the greatest  
16                         decrease in carbon intensity,

17                         (ii) for facilities located in economi-  
18                         cally distressed communities that have ex-  
19                         perienced a loss of manufacturing jobs,

20                         (iii) that would maximize improve-  
21                         ment in local air quality, or

22                         (iv) for facilities located in commu-  
23                         nities with high cumulative pollution bur-  
24                         dens (as determined by the Administrator),  
25                         and

1 (B) allocate grant funds to eligible facili-  
2 ties and proposed eligible facilities which  
3 produce covered primary goods that are in-  
4 cluded within a covered national industry in ap-  
5 proximate proportion to the share of total  
6 greenhouse gas emissions for which such indus-  
7 try is responsible for emitting.

8 (4) RECAPTURE.—In the case of any eligible  
9 entity which has been awarded a grant under the  
10 program described in paragraph (1) with respect to  
11 any eligible facility or proposed eligible facility, if  
12 such entity fails to—

13 (A) within 3 years of the awarding of such  
14 grant, complete the proposed investments in  
15 new technology at such facility, or

16 (B) during the 10-year period after such  
17 investments are placed in service—

18 (i) in the case of an existing eligible  
19 facility, achieve and maintain the reduction  
20 in carbon intensity proposed in the applica-  
21 tion for such grant, or

22 (ii) in the case of a proposed eligible  
23 facility, achieve and maintain the best-in-  
24 class carbon intensity proposed in the ap-  
25 plication for such grant,

1 the Secretary shall recapture, pursuant to such reg-  
2 ulations or other guidance issued by the Secretary,  
3 the amount of the grant awarded with respect to  
4 such facility.

5 (5) APPLICABLE AMOUNT.—For purposes of  
6 this subsection, the term “applicable amount”  
7 means, with respect to any fiscal year, an amount  
8 equal to 75 percent of the increase in revenues to  
9 the Treasury during such fiscal year by reason of  
10 the application of subchapter E of chapter 38 of the  
11 Internal Revenue Code of 1986 (as added by sub-  
12 section (a)).

13 (6) DEFINITIONS.—For purposes of this sub-  
14 section—

15 (A) IN GENERAL.—The terms “covered na-  
16 tional industry”, “eligible facility”, and “cov-  
17 ered primary good” shall have the same mean-  
18 ing given such terms under section 4694 of the  
19 Internal Revenue Code of 1986 (as added by  
20 subsection (a)).

21 (B) BEST-IN-CLASS CARBON INTENSITY.—  
22 The term “best-in-class carbon intensity”  
23 means, with respect to any proposed eligible fa-  
24 cility, that the carbon intensity of such facility  
25 would be not greater than the carbon intensity

1 of the existing facility with the lowest carbon  
2 intensity within the relevant covered national  
3 industry (as determined of the date of the ap-  
4 plication for a grant under the program de-  
5 scribed in paragraph (1)).

6 (C) ELIGIBLE ENTITY.—The term “eligible  
7 entity” means any person which operates an eli-  
8 gible facility or will operate a proposed eligible  
9 facility.

10 (D) SECRETARY.—The term “Secretary”  
11 means the Secretary of the Treasury (or the  
12 Secretary’s delegate).

13 (d) ECONOMIC SUPPORT FUND OF DEPARTMENT OF  
14 STATE.—

15 (1) IN GENERAL.—For fiscal year 2026 and  
16 each subsequent fiscal year, in addition to amounts  
17 otherwise available, there are appropriated, out of  
18 any funds in the Treasury not otherwise appro-  
19 priated, to the Department of State an amount  
20 equal to the applicable amount for the preceding fis-  
21 cal year, with such amount to be made available for  
22 bilateral and multilateral assistance to support cli-  
23 mate and clean energy programs.

24 (2) APPLICABLE AMOUNT.—For purposes of  
25 this subsection, the term “applicable amount”

1 means, with respect to any fiscal year, an amount  
2 equal to 25 percent of the increase in revenues to  
3 the Treasury during such fiscal year by reason of  
4 the application of subchapter E of chapter 38 of the  
5 Internal Revenue Code of 1986 (as added by sub-  
6 section (a)).